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State dollars go further under new Allen law

LANSING – Legislation designed to save the state money by requiring employees and contracts to be paid by electronic funds transfers was signed into law this week, announced state Sen. Jason Allen, R-Traverse City.

“During challenging economic times, it is imperative that the state make wise use of every taxpayer’s dollar,” Allen said. “The state needs to be as efficient as possible with our funds. Eliminating costs by moving to electronic payments is just one more way to help stretch our pennies.”

The two-bill package, introduced by Allen, provides opportunities for financial savings to both the state and independent employers.

Public Act 533 requires all non-classified state government employees’ and all elected and appointed state officials’ payroll, and contracts entered into for the purchase of goods and services, to be paid by EFTs beginning Oct. 1, 2005.

Over 400,000 payroll warrants are issued in Michigan annually. The Department of Management and Budget estimates the state saves a net of 47 cents per EFT transaction.

Electronic funds transfers are a safe, secure and efficient way of providing immediate payment to state employees and contractors. In addition to these benefits, EFTs are less expensive than paper-check payments.

PA 534, which amends the Wage and Benefit Act, is designed to allow an employer to pay wages to employees through the use of payroll debit cards. Employees would reserve the right to opt-out of the debit card payments and still receive a paper check.

“Signing these bills into law is good for Michigan businesses, employees and the state’s bottom line,” Allen said. “This is another tool for the state to save money during these challenging economic times. We need to keep working to find ways to stretch the taxpayer’s dollar further.”

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